

BY-LAW OF FOREST BEACH VILLAS

HORIZONTAL PROPERTY REGIME

ARTICLE I

PLAN OF VILLA OWNERSHIP

Section 1. Horizontal Property Regime. The Property (the Term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereto) located in South Forest Beach, Hilton Head Island, Beaufort County, South Carolina, known as "FOREST BEACH VILLAS HORIZONTAL PROPERTY REGIME" (hereinafter referred to as the "Regime"), has been submitted by Master Deed, to the provisions of the Horizontal Property Act of South Carolina.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 3. Personal Application. All present or future Co-Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws in the Master Deed establishing said Regime. For the purpose of this document, a "Co-Owner" is defined and shall mean an owner or owners of an individual Villa within the Regime. The mere acquisition or rental of any of the Villas (also referred to herein as "Dwelling Unit(s)" or Dwelling(s)") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Villas will signify that these By-Laws, the provisions of the Master Deed and the provisions of the Declaration of Rights, Restrictions, Conditions, etc., applicable to certain lands of The Hilton Head Company dated January 29, 1956 and recorded in the Office of

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the Clerk of Court for Beaufort County at Book 78 of Deeds, at Page 306, and any applicable recorded additions and amendments thereto; Declaration of Rights, Restrictions, Affirmative Obligations, Conditions, etc., applicable to certain commercial lands of Lighthouse Beach Company dated January 25, 1973 and recorded February 15, 1973 in the Office of the Clerk of Court for Beaufort County at Book 206, Page 1143, and any applicable recorded additions thereto are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Co-Owners is entitled is the percentage assigned to the Villa or Villas in the Master Deed.

Section 2. Majority of Co-Owners. As used in these By-Laws, the term "majority of Co-Owners" shall mean those Co-Owners holding 51% or more of the total value of the Property, in accordance with the percentage assigned in the Master Deed.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of Co-Owners as defined in Section 2 of this Article shall constitute a Quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section 1. Council Responsibilities. The Co-Owners of the Villas will constitute the Council of Co-Owners (hereinafter usually referred to as "Council") who will have the responsibility of administering the Property,

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approving the annual budget, establishing and collecting periodic assessments and arranging for the management of the Property pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. , Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of Co-Owners.

Section 2. Place of Meetings. Meetings of the Council shall be held at such place, convenient to the Co-Owners as may be designated by the Council.

Section 3. Annual Meetings. The annual meetings of the Council shall be held at the call of the Regime President once a year. Annual meeting date shall be established at the original meeting. At such meetings there shall be elected by ballot of the Co-Owners a Board of Administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The Co-Owners may also transact such other business of the Council as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the Regime President to call a special meeting of the Co-Owners as directed by resolution of the Board of Administration or upon a petition signed by a majority of Co-Owners and having been presented to the Regime Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. Notice Of Meetings. It shall be the duty of the Regime Secretary to mail a notice of each annual special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Co-Owner of record, at least ten but not more than thirty days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meeting. If any meeting of the Council cannot be organized because a quorum has not attended, the Co-Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order Of Business. The order of business at meetings of the Council shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.
- (d) Reports of officers.
- (e) Report of committees.
- (f) Review financial statement and monthly Regime charges.
- (g) Election of administrators.
- (h) Election of Management Agent.
- (i) Unfinished business.
- (j) New business.

The order of business at all special meetings of the Council shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

ARTICLE IV

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BOARD OF ADMINISTRATION

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as the "Board") comprised of five persons, all of whom must be Co-Owners of Villas in the Property.

Section 2. General Powers and Duties. In addition to duties imposed by these By-Laws or by resolutions of the Council; the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the Co-Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

Section 3. Other Duties. In addition to duties imposed by these By-Laws, or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the Co-Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

Section 4. Management Agent. The Board may employ a Management Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. Election and Term of Office. At the first Annual meeting of the Council, the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of office of one member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Administration caused by reason other than the removal of a member of the Board by a vote of the Council shall be filled by a vote of the majority of the remaining members, even though they may constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Council.

Section 7. Removal of Members of The Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed with or without cause by a majority of Co-Owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

Section 8. Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by Council, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, providing a majority of the Board shall be present.

Section 9. Regular Meetings. Regular Meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, telephone or telegraph at least ten (10) days prior to the day named for such meeting.

Section 10. Special Meetings. Special Meetings of the Board may be called by the President on three days notice to each Board member, given personally or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove promised) and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two Board members.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may, in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice

by him of the time, place and purpose thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board Quorum. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 13. Fidelity Bonds. The Board may require that any and all officers and employees of the Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

ARTICLE V
OFFICERS

Section 1. Designation. The principal officers of the Regime shall be a President, Vice President, and Secretary-Treasurer; all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Regime shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

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Section 3. Removal Of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed; either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 4. Officers

(a) President. The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime and of the Board. He shall have all of the general powers and duties which are usually vested in the office of a President of a Regime, including, but not limited to, the power to appoint committees from among the Co-Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Council.

(b) Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

(c) Secretary-Treasurer. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Council; he shall have charge of such books and papers as the Board may direct; and he shall have responsibility for Regime funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Regime. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Regime in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the officers of Secretary and Treasurer.

ARTICLE VI

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OBLIGATIONS OF THE CO-OWNERS

Section 1. Assessments.

(a) Upon notice from the Board, all Co-Owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime Expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards. The assessments shall be made pro-rata according to the value of the Villa owned, and as stipulated in the Master Deed.

(b) If the assessments are not paid on the date when due (being the date specified by the Board), then such assessment shall become delinquent and shall (together with the cost of collection as hereinafter provided) become a charge and continuous lien on the property, against which each such assessment is made. If the assessment is not paid when due, the Association may bring an action at law against the Co-Owners personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment a reasonable attorney's fee and in the event a judgment is obtained, such judgment shall include a reasonable attorney's fee to be fixed by the Court together with the costs of the action.

(c) The transfer of ownership of an individual Villa within the Regime carries with it the proportionate equity of that Villa Ownership in the Regime Escrow Account. Each Villa will be assessed for the Regime Escrow Account in accordance with a set schedule in order to provide for a contingency fund for maintenance and repair of Regime Property.

Section 2. Maintenance and Repair.

(a) Every Co-Owner must perform promptly all maintenance and repair work within his own Villa, which if omitted would affect the Property in its entirety or in a part belonging to other Co-Owners being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Villa, such as water, lights, gas, power, sewage, telephone, air conditioning, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Villa shall be the expense of the Co-Owners.

(c) A Co-Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through his fault.

Section 3. Use of Villas - Internal Changes.

(a) All Villas shall be utilized for residential purposes only;

(b) A Co-Owner shall not make structural modifications or alterations in his Villa or installations located therein without previously notifying the Regime in writing, through the management agent if any, or through the President if no management agent is employed. The Regime shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 4. Use of Common Elements. A Co-Owner shall not place or cause to be placed in the passages or roads any furniture, packages or obstructions of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 5. Right of Entry.

(a) A Co-Owner shall grant the right of entry to the management agent or to any other person authorized by the Board in case of any emergency originating in or threatening his Villa, whether the Co-Owner is present at the time or not.

(b) A Co-Owner shall permit the other Co-Owner or their representative when so required, to enter his Villa for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Co-Owners. In case of an emergency, such right of entry shall be immediate.

Section 6. Rules of Conduct.

(a) Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(b) No Co-Owner, resident or lessee of the Property shall:

- (1) post any advertisements, or posters of any kind, in or on the property except as authorized by the Regime;
- (2) hang garments, rugs, or similar objects, from the windows or from any of the facades of the Property;
- (3) dust rugs, mops or similar objects by beating on the exterior part of the Property;
- (4) throw garbage or trash outside the disposal installations provided for such purposes in the service areas;
- (5) act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Villas in the Property.

(c) No Co-Owner, resident or lessee shall install wiring for electrical service or telephone installations, television antennae, machines or air conditioning units, or similar object outside of his dwelling or which protrude through the walls or the roof of this dwelling unit except as authorized by the Board.

ARTICLE VII

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by Co-Owners representing at least two-thirds (2/3) of the total value of the Property as shown in the Master Deed.

ARTICLE VIII

MORTGAGES

Section 1. Notice To Board. A Co-Owner who mortgages his Villa shall notify the Board through the management agent, if any, or the President if there is no management agent of the name and address of his mortgagee; and the Regime shall maintain such information in a book entitled "Mortgagee of Villas".

Section 2. Notice of Unpaid Assessments. The Board shall, at the request of a mortgagee of a Villa, report any unpaid assessments due to the Regime from the Co-Owner of such Villa.

ARTICLE IX
COMPLIANCE

These By-Laws are intended to comply with the requirements of the Horizontal Property Act of South Carolina. In case any of these By-Laws conflict with the provisions of said Statute, it is hereby agreed and accepted that the provisions of the Statute will control.

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FILED AT <i>11:45</i>	BEAUFORT COUNTY S. C.	RECORDED IN BOOK <i>361</i>
O'CLOCK	NOV 26 1980	PAGE <i>908</i>
<i>PM</i> <i>Royanne W. Beverly</i> CLERK OF COURT OF COMMON PLEAS		

RECORDED THIS *17th* DAY
OF *December* 19 *80*
IN BOOK *361* PAGE *957*

FEES \$
Mary Anne O'Byrne
CLERK, BEAUFORT COUNTY